

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS
AND ENERGY**

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Risk-Management Techniques)	
to)	D.T.E. 01-100
Mitigate Natural Gas Price Volatility)	
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COMMENTS OF KEYSpan ENERGY DELIVERY NEW ENGLAND

Submitted by,

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Dated: January 14, 2002

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Executive Summary

A risk-management program could be undertaken to temper the price volatility of natural gas supply. If the Department were to decide that a risk-management program should be a component of a utility's management of natural gas supply, it could encourage utility consideration of these programs by (i) acknowledging that it is reasonable for gas utilities to address price stability as part of their management of gas supply portfolios, and (ii) where a gas utility chooses to pursue a risk-management program for its gas supply, providing a procedure for annually reviewing these proposals for the coming year to address the reasonableness of their approach. However, KeySpan cautions that, whereas such programs provide the advantage of minimizing price volatility, there may be costs associated with such programs, and that a program of price stabilization may result in gas supply prices being higher or lower than they otherwise would have been. It is these factors that could be weighed, and addressed to the Department, each year before a price stabilization program is implemented.